

PUBLIC DISCLOSURE

February 24, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

WELLESLEY BANK

Certificate # 26605

**40 CENTRAL STREET
WELLESLEY, MASSACHUSETTS 02482**

Division of Banks

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<p>NOTE: This document is an evaluation of the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Federal Deposit Insurance Corporation or the Division of Banks concerning the safety and soundness of this financial institution.</p>

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GENERAL INFORMATION

The Community Reinvestment Act (“CRA”) requires the Massachusetts Division of Banks (“Division”) and the Federal Deposit Insurance Corporation (“FDIC”) to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agencies must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Wellesley Bank (or the “Bank”)**, prepared by the Division and the FDIC, the institution's supervisory agencies as of **February 24, 2014**. The agencies evaluate performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in the Division's regulation 209 CMR 46.00. The FDIC rates the CRA performance institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345 of the FDIC's Rules and Regulations.

INSTITUTION'S CRA RATING: This institution is rated “Satisfactory.”

An institution in this group has an adequate record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. The assigned rating is based on the results of two performance tests: the Lending Test and the Community Development Test. The Bank's performance under each of these tests is summarized below:

Lending Test

The institution is rated “**Satisfactory**” under the Lending Test. This rating is supported by the following summary of results.

Loan-to-Deposit Ratio

The loan-to-deposit (“LTD”) ratio is more than reasonable (considering seasonal variations and taking into account lending-related activities) given the institution's size, financial condition, and assessment area credit needs. The Bank's average net LTD ratio over the 11 quarters since the prior CRA evaluation, dated April 13, 2011, was 95.7 percent. The ratio as of December 31, 2013 was 105.5 percent.

Assessment Area Concentration

A majority of the Bank's home mortgage and small business loans were in the institution's assessment area. During 2012 and 2013, 71.2 percent of the total number of home mortgage loans and 62.8 percent of the total number of small business loans were made in the assessment area. Additionally, the Bank also collected and maintained data for other secured loans for purposes of small business. A majority of these loans (66.7 percent) were also inside the assessment area.

Geographic Distribution

Overall, the geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The Bank made a reasonable percentage of home mortgage and small business loans within low- and moderate-income (“LMI”) census tracts.

Borrower Characteristics

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different revenue sizes.

Response to Complaints

Wellesley Bank did not receive any CRA-related complaints during the evaluation period.

Community Development Test

The institution is rated “**Satisfactory**” under the Community Development Test. The institution demonstrated adequate responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services, considering the institution’s capacity and the need and availability of such opportunities throughout the institution’s assessment area. The rating is supported by the following factors.

Community Development Loans

The Bank made five qualified community development loans totaling approximately \$1.9 million during the evaluation period. These loans had the primary purpose of providing affordable housing for low- and moderate-income individuals or economic development by financing small businesses.

Community Development Investments

The Bank’s total qualified investments are approximately \$3.3 million. The vast majority of investments were backed by small business loans extended to Certified Development Corporations (CDCs). Donations primarily assisted organizations that provide community services targeted to low- and moderate-income individuals. During the evaluation period the Bank made \$92,000 in qualified donations.

Community Development Services

Bank officers offered their financial expertise to community development organizations within its designated assessment area. Officers and Directors provided services to organizations that offer community services targeted to LMI individuals and families.

SCOPE OF THE EXAMINATION

This evaluation assessed Wellesley Bank's CRA performance utilizing the interagency Intermediate Small Bank ("ISB") examination procedures, as established by the Federal Financial Institutions Examination Council ("FFIEC"). These procedures require two performance tests: the Lending Test and the Community Development Test. The Lending Test analyzes an institution's applicable home mortgage, small business, and small farm loans during a certain review period. The Community Development Test is an analysis of qualified activities (loans, investments, and services) an institution performed to meet the needs of the community since the previous evaluation.

The Lending Test considered the Bank's home mortgage and small business lending. The Bank's most recent Report of Condition and Income ("Call Report"), dated December 31, 2013, indicated that residential lending, including all loans secured by 1-4 family and multi-family residential properties, represented 54.9 percent of the loan portfolio. Commercial lending, consisting of commercial real estate and commercial and industrial loans, represented 24.5 percent of the loan portfolio. The Bank did not make any small farm loans during the review period; thus, this product line was not analyzed. Additionally, consumer loans are not a primary product for the institution, so these loans were not reviewed.

Data reviewed includes home mortgage loans reported on the Bank's Home Mortgage Disclosure Act (HMDA) loan application registers (LARs) from 2012 and 2013. The LARs contain data about home purchase and home improvement loans, including refinances of 1-4 family and multi-family properties. The Bank reported 305 loans totaling \$185.0 million in 2012 and 296 loans totaling \$184.1 million in 2013. The Bank's home mortgage lending performance was compared against 2012 aggregate lending data. Aggregate data includes the lending activity of all institutions subject to HMDA reporting within the Bank's assessment area. The evaluation focused on lending performance in 2012 as aggregate data for 2013 was not yet available.

Small business loans were also reviewed for the same time period. While the Bank is not required to report small business lending data as an ISB, it collected the data in the specified format. The Bank's CRA loan registers indicated 94 small business loans totaling approximately \$15.0 million in 2012 and 94 small business loans totaling \$17.4 million in 2013. Small business aggregate data was not used for comparison purposes since the Bank did not report the data. Business demographics from the assessment area were used to measure the Bank's performance. The Bank also collected data for other secured loans with a purpose of small business. Of this particular loan type, the Bank made 40 totaling \$12.8 and 29 loans totaling \$8.3 million in 2012 and 2013, respectively. These loans were combined with small business loans for the *Geographic Distribution* and *Borrower Profile* sections of the Lending Test.

While the Lending Test discusses the total dollar amounts of loans, conclusions were primarily based on the Bank's lending performance by the number of loans originated or purchased. The number of loans correlates more closely with the number of individuals or businesses that obtained loans. Extremely large or small dollar loans could skew conclusions.

The Community Development Test considered the number and dollar amount of community development loans, qualified investments, and community development services between April 13, 2011 and February 23, 2014.

Demographic information from the 2010 United States ("U.S.") Census was referenced in this evaluation. Financial data was generally obtained from the December 31, 2013 Call Report.

PERFORMANCE CONTEXT

Description of Institution

Wellesley Bank is a Massachusetts chartered stock co-operative bank that offers banking and wealth management services to retail and commercial customers in Wellesley and its surrounding communities. The Bank converted from mutual to stock ownership within the evaluation period in January 2012. Wellesley Bank is a wholly-owned subsidiary of Wellesley Bancorp, Inc., a publicly traded company on the Nasdaq Stock Exchange. The Bank also offers wealth management services through its subsidiary Wellesley Investment Partners.

The Bank's main office is located at 40 Central Street in Wellesley. In addition, the Bank operates three branch offices. Two branches are in Wellesley and one is in Boston. Since the previous Division CRA evaluation in 2011, the Bank opened a branch office on Washington Street in Wellesley (April 2012) and Federal Street in Boston (October 2013). The Bank did not close any locations during the evaluation period. All offices are located in upper-income census tracts.

The Bank's total assets increased notably from \$262.0 million to \$457.4 million, or approximately 74.6 percent, since the previous evaluation. The Bank's growth accelerated as a result of its transition to stock ownership. Total deposits as of December 31, 2013 stood at \$364.8 million, an increase of approximately 64.0 percent since the prior examination. Net Loans total over \$388.9 million, representing growth of approximately 87.6 percent since the prior evaluation. Loans account for 85.0 percent of total assets.

Table 1 – Loan Portfolio Distribution as of December 31, 2013		
Loan Type	Dollar Amount \$(000)	Percent of Total Loans (%)
Loans Secured by Real Estate		
Construction, Land Development, and Other Land Loans	80,103	20.6
Secured by Farmland (Including Farm Residential and Other Improvements)	0	0.0
Revolving, Open-end Loans Secured by 1-4 Family Residential Properties and Extended Under Lines of Credit	27,092	7.0
Closed-end Loans Secured by 1-4 Family Residential Properties: Secured by First Liens	182,543	46.9
Closed-end Loans Secured by 1-4 Family Residential Properties: Secured by Junior Liens	0	0.0
Secured by Multi-Family (5 or more) Residential Properties	3,975	1.0
Secured by Nonfarm Nonresidential Properties	78,392	20.2
Loans to Finance Agricultural Production and Other Loans to Farmers	0	0.0
Commercial and Industrial	16,565	4.3
Loan to Individuals for Household, Family, or Other Personal Expenditures (Consumer Loans)	281	0.1
Other Loans	126	0.0
Less Any Unearned Income on Above Loans	(195)	(0.1)
TOTAL LOANS	388,882	100.0

Source: December 31, 2013 Call Report

As depicted in Table 1, the Bank's portfolio is most heavily concentrated in residential real estate loans. Construction and commercial real estate loans are similar at approximately 20 percent each. Management indicated it does not expect the current distribution of loan products to change significantly in the near future.

The prior CRA evaluation was conducted by the Division as of April 13, 2011, using Small Bank procedures. The evaluation resulted in an overall "Satisfactory" rating. The prior FDIC CRA evaluation occurred on September 2, 2008 and resulted in a "Satisfactory" rating. There are no significant financial or legal impediments that limit the Bank's ability to help meet the credit needs of its assessment area. It is noted; however, that the Bank only recently began operating in the Boston market (October 2013). It is expected that performance in this area was limited during the evaluation period.

Description of Assessment Area

The CRA requires the designation of one or more assessment areas within which a financial institution's record of helping to meet the credit needs of its community will be evaluated. The Bank has one designated assessment area that conforms to CRA requirements.

Geographies

The Bank's assessment area is comprised of 16 neighborhoods, cities, and towns: Allston/Brighton, Back Bay, Charlestown, Downtown, Fenway, Jamaica Plain, South Boston, and South End neighborhoods of Boston and the towns/cities of Brookline, Cambridge, Dover, Natick, Needham, Newton, Wellesley, and Weston.

The cities and towns of Brookline, Dover, Needham, Wellesley and neighborhoods of Boston, are located in Norfolk and Suffolk counties, which are part of the Boston-Quincy, Massachusetts ("MA") Metropolitan Division ("MD") #14484. The towns of Cambridge, Natick, Newton and Weston are located in Middlesex County and are part of the Cambridge-Newton-Framingham, MA MD #15764. Middlesex, Suffolk and Norfolk counties are part of the Boston- Cambridge-Quincy, MA-New Hampshire Metropolitan Statistical Area ("MSA")/ Core Based Statistical Area #14460.

The *Geographic Distribution* section of the Lending Test evaluates the distribution of loans by census tract income level, especially in those designated low- and moderate-income. Each census tract is assigned an income level based on the median family income ("MFI") of the tract as compared to the MFI established for the MSA or MD in which the tract is located. The four income levels are defined as follows:

Low-Income: Less than 50 percent of MFI

Moderate-Income: At least 50 percent but less than 80 percent of MFI

Middle-Income: At Least 80 percent but less than 120 percent of MFI

Upper-Income: 120 percent or greater of MFI

The Bank's assessment area is comprised of 174 contiguous census tracts. There are 23 low-income, 26 moderate-income, 40 middle-income, and 79 upper-income tracts. There are 6 tracts with no income designation due to negligible civilian population.

The Bank expanded its assessment area since the previous evaluation due to an increased lending focus in the Boston area and the opening of a branch office in Boston's Financial District.

During the prior evaluation period, the Bank's assessment area included 38 census tracts, none of which were low- or moderate-income.

Table 2 contains pertinent demographic information concerning the assessment area.

Table 2 – Assessment Area Demographic Information						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A % of #
Geographies (Census Tracts)	174	13.2	14.9	23.0	45.4	3.5
Population by Geography	657,325	12.7	16.2	22.6	48.4	0.1
Owner-Occupied Housing by Geography	120,021	4.0	9.5	23.1	63.3	0.1
Businesses by Geography (2012)	94,512	7.9	9.4	16.5	65.4	0.8
Family Distribution by Income Level	122,624	22.8	12.0	14.9	50.3	0.0
Average Median Family Income of Census Tracts		\$117,145	Median Housing Value			\$676,877
2012 FFIEC Adjusted MFI – MD #14484		\$88,800	Unemployment Rate			5.5%
2012 FFIEC Adjusted MFI – MD #15764		\$106,400	Families Below Poverty Level			8.3%

Source: 2010 U.S. Census, 2012 D&B data, 2012 FFIEC Estimated MFI

Median Family Income Levels

The home mortgage loan analysis under the *Borrower Characteristics* section of the Lending Test is primarily based on the distribution of home mortgage loans to borrowers of different incomes, using the same four income levels defined in the previous section. The analysis utilizes income data from the 2010 U.S. Census that has been annually adjusted by the FFIEC for inflation and other economic events. The estimated 2012 MFI figures for the Boston-Quincy, MA MD #14484 and the Cambridge-Newton-Framingham, MA MD #15764 are listed in Table 2.

The analysis of the Bank's home mortgage lending also includes comparisons to the distribution of assessment area families by income level. Table 2 reveals that upper-income families have the highest representation by far of all income categories. The second largest group in the assessment area is low-income families, which represent 22.8 percent of all families. Low-income families below the poverty level, a subset of this income designation, represent 36.5 percent of this group. This data suggests lending opportunities to low-income families are limited.

Housing Characteristics

Table 2 also illustrates the distribution of owner-occupied housing units by census tract income level. Table 2 shows that owner-occupied housing units in the assessment area are heavily concentrated in upper-income census tracts. Only 13.5 percent of total owner-occupied units are in the low- or moderate-income tracts. This limits opportunities to make home mortgage loans in either of these census tract categories.

Unemployment Data

State unemployment rates were obtained from the Bureau of Labor Statistics. As of December 2013, the Massachusetts unemployment rate is 7.1 percent. The county unemployment rates were obtained from the Executive Office of Labor and Workforce Development and are as of December 2013. Counties in the assessment area have lower unemployment rates than Massachusetts. The Middlesex County unemployment rate is 5.2 percent, the Norfolk County unemployment rate is 5.6 percent, and the Suffolk County unemployment rate is 6.4 percent.

Business Demographic Data

According to Table 2, there is a higher concentration of businesses in upper-income census tracts. Dun & Bradstreet data indicated that 67.9 percent of businesses reported gross annual revenues (“GARs”) of \$1.0 million or less in 2012. While economic challenges during the review period may have limited demand for credit from small businesses, there appears to be a high percentage of small businesses in the assessment area.

Competition

The Bank faces strong competition from other financial institutions that originated loans within the assessment area. These institutions range in size and type from community banks, savings banks, and mortgage companies to large national banks. Among the more prominent lenders competing in Wellesley Bank’s assessment area are Wells Fargo Bank, N.A.; Bank of America, N.A.; and JPMorgan Chase Bank, N.A.

The 2012 Peer Mortgage shows that 451 lender originated 48,127 residential mortgage loans in the Bank’s assessment area. Wellesley Bank ranked 44th with 0.5 percent market share. The Bank does not purchase loans, but many of the large national banks ranked ahead of Wellesley purchased large pools of residential loans.

Community Contact

As part of the evaluation process, third parties active in community affairs are contacted to assist in assessing the housing and general banking needs of the community. Relevant information obtained from such sources helps to determine whether local financial institutions are responsive to the credit and service needs of their communities. Additionally, they identify further opportunities, if any, that are available in the area. For purposes of this evaluation, information provided by one such contact was referenced in preparing this evaluation.

An interview was conducted with a community contact that serves the Bank’s assessment area. This organization provides quality and affordable housing to low- and moderate-income families. The contact indicated the need for flexible lending products, and affordable owner-occupied housing units. Overall, the contact noted that banks in the assessment area could be more responsive to the credit needs of the community and could participate with them in financing initiatives and community programs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The Lending Test considers the institution's performance pursuant to the following criteria: Loan-to-Deposit (LTD) Ratio, Assessment Area Concentration, Geographic Distribution, Borrower Characteristics, and Response to CRA Complaints. Overall, the Bank's performance under the Lending Test is "Satisfactory." The Bank's lending performance demonstrates a reasonable responsiveness to the credit needs of the assessment area.

Loan-to-Deposit Ratio

The LTD ratio criterion evaluates the percentage of the Bank's deposit base that is reinvested in the form of loans. The Bank's LTD ratio is more than reasonable (considering seasonal variations and taking into account lending-related activities) given the institution's size, financial condition, and assessment area credit needs. The Bank's average net LTD ratio over the 11 quarters since the previous CRA evaluation was 95.7 percent. The Bank's net LTD ratio as of December 31, 2013 was 105.5 percent.

Growth patterns of loans and deposits were also analyzed to assess changes in the net LTD ratio over the course of the review period. Net loans (total loans net of unearned income and allowance for loan losses) increased steadily during the review period. Overall, net loans increased by 87.2 percent over the last 11 quarters. Total deposits increased at 59.5 percent. As loan growth exceeded deposit growth, the net LTD ratio increased during this period.

The Bank's average net LTD ratio was compared to the average net LTD ratios of two locally based, similarly situated, depository institutions utilizing the period of June 30, 2011 to December 31, 2013. Each institution is headquartered in the Boston-Cambridge-Quincy, MA-NH MSA/CBSA #14460, had similar loan product distribution, and was similar in asset size. The Bank ranked second when compared to the other banks' average net LTD ratios. Refer to Table 3 for the breakdown.

Table 3 – Loan-to-Deposit Comparison		
Bank Name	Total Assets \$(000) as of 12/31/13	Average Net LTD Ratio
Walpole Cooperative	416,464	109.6
Wellesley Bank	457,363	95.7
Norwood Cooperative Bank	362,864	85.8

Source: June 30, 2011 through December 31, 2013 Call Reports

Assessment Area Concentration

This performance criterion evaluates whether the Bank is meeting the credit needs within its assessment area by determining the amount of lending conducted within the assessment area. The analysis includes residential and small business lending, as well as other secured small business loans. As stated previously, more weight was placed on the home mortgage lending performance given the Bank's strategic focus. Table 4 illustrates the Bank's record of originating loans inside and outside the assessment area during the evaluation period.

Table 4 – Distribution of Loans Inside and Outside of Assessment Area										
Loan Category or Type	Number of Loans					Dollar Volume				
	Inside		Outside		Total	Inside		Outside		Total \$(000)
	#	%	#	%		\$(000)	%	\$(000)	%	
Home Mortgage Loans										
2012										
Home Purchase	134	80.7	32	19.3	166	114,891	89.5	13,488	10.5	128,379
Refinance	82	64.5	45	35.6	127	35,811	70.2	15,210	29.8	51,021
Home Improvement	10	83.3	2	16.7	12	5,423	96.7	185	3.3	5,608
Total	226	74.1	79	25.9	305	156,125	84.4	28,883	15.6	185,008
2013										
Home Purchase	134	69.1	60	30.9	194	107,669	78.3	29,813	21.7	137,482
Refinance	55	76.4	30	35.3	85	22,525	65.1	11,808	34.4	34,333
Home Improvement	13	66.7	4	23.5	17	8,461	76.9	2,836	23.1	11,297
Total	202	68.2	94	31.8	296	138,655	75.7	44,457	24.3	183,112
Total Home Mortgage	428	71.2	173	28.8	601	294,780	80.1	73,340	19.9	368,120
Small Business Loans										
2012	59	62.8	35	37.2	94	10,395	69.3	4,598	30.7	14,993
2013	59	62.8	35	37.2	94	12,710	73.1	4,681	26.9	17,391
Total Small Business	118	62.8	70	37.2	188	23,105	71.3	9,279	28.7	32,384
Other Secured Small Business Loans										
2012	27	67.5	13	32.5	40	7,481	58.5	5,299	41.5	12,780
2013	19	65.5	10	34.5	29	5,911	71.5	2,351	28.5	8,262
Total Other Secured Small Business Loans	46	66.7	23	33.3	69	13,392	63.6	7,650	36.4	21,042
Grand Total	592	69.0	266	31.0	858	331,277	78.6	90,269	21.4	421,546

Source: 2012 & 2013 HMDA LARs and Small Business Loan Registers

Overall, a majority of the Bank's residential loans and small business loans, by number and dollar amount, were inside the designated assessment area. As show in Table 4, the Bank made 69.0 percent of its total loans by number, and 78.6 percent, by dollar amount, inside the assessment area. The following sections detail the Bank's performance by loan type.

Home Mortgage Lending

Table 4 shows the Bank originated a majority of home mortgage loans inside its assessment area in 2012 and 2013.

Home Purchase loans were the highest volume of loans by loan purpose for each year. The Bank's expansion into the Boston market during the review period resulted in a significant increase in home mortgage loans since the prior evaluation. From 2012 to 2013, the overall loan volume decreased, as well as the percentage of home mortgage loans in the assessment area. Management indicated this was primarily due to an increasing interest rate environment, which reduced refinance activity. The number of home purchase loans increased in 2013, although the number of these loans in the assessment area was the same. Management indicated that business obtained through referrals resulted in the increase in home purchase loans outside the assessment area.

Small Business Lending

The majority of small business loans were originated inside the assessment area for the evaluation period. Overall 62.8 percent of small business loans by number were originated inside of the assessment area. The number of originations was consistent for each year, although the dollar amount of loans in the assessment area increased in 2013.

Additionally, residential real estate secured business loans were also evaluated. The Bank collected this data in 2012 and 2013. The CRA provides banks with the option to collect data related to these loans as they help meet the credit needs of small businesses. A majority of these loans were inside the assessment area. These numbers were combined with small business loans for the remaining sections of the Lending Test.

Geographic Distribution

Overall, the geographic distribution of home mortgage loans and small business loans reflects reasonable dispersion throughout the assessment area. This conclusion was primarily based on the Bank's distribution of loans in LMI census tracts. The following sections discuss the Bank's performance under this criterion with regard to each product line. As noted previously, with the expansion of the Bank's assessment, the Bank went from no low- and moderate-income geographies in the previous evaluation to 23 low- and 26 moderate-income geographies in the current examination.

Home Mortgage Lending

The distribution of the Bank's home mortgage loans reflects reasonable dispersion throughout the assessment area. Table 5 presents the Bank's home mortgage lending performance by number of loans in 2012 and 2013 as well as aggregate lending data for 2012. Table 5 also includes the percentage of owner-occupied housing units for each census tract income level for comparison purposes.

Table 5 – Distribution of Home Mortgage Loans by Census Tract Income Level						
Census Tract Income Level	% of Total Owner-Occupied Housing Units	2012 Aggregate Lending Data (% of #)	2012 Bank		2013 Bank	
			#	%	#	%
Low	4.0	4.4	5	2.2	8	4.0
Moderate	9.5	8.8	16	7.1	15	7.4
Middle	23.1	23.2	33	14.6	33	16.3
Upper	63.3	63.6	172	76.1	146	72.3
NA	0.1	0.0	0	0.0	0	0.0
Total	100.0	100.0	226	100.0	202	100.0

Source: 2010 U.S. Census Data; 2012 and 2013 HMDA Data

As revealed in Table 5, a significant majority of the Bank's loans were in upper-income tracts in 2012 and 2013, which is comparable to the aggregate and demographics of the assessment area. As noted previously, all of the Bank's branches are in upper-income geographies.

Wellesley Bank originated 2.2 percent of loans to borrowers residing in low- income census tracts. The figure ranks slightly below the aggregate lending performance and the percentage of owner-occupied housing units. The Bank ranked 65th out of 182 lenders in the low-income tracts. The Bank's performance in low-income tracts improved in 2013 to 4.0 percent of total lending. This figure is comparable to the demographics and reflects reasonable performance. The improvement is viewed favorable, especially considering that the Bank has only recently pursued lending

opportunities in the expanded assessment area and does not have a branch that borders a low-income geography.

Wellesley Bank made 7.1 percent of loans to borrowers in moderate-income tracts in 2012, which was slightly below the aggregate lending figure and the demographics. The Bank ranked 57th out of 240 lenders in the moderate-income tracts. In 2013, the Bank originated 7.4 percent of loans to borrowers residing in moderate-income tracts. Given the Bank's lack of branch presence near low- or moderate-income geographies, this performance is reasonable.

Small Business Lending

The geographic distribution of the Bank's small business lending reflects reasonable dispersion throughout the assessment area. Table 6 illustrates the Bank's small business lending activity, including other secured loans with a small business purpose, in 2012 and 2013 and the composition of businesses by census tract income level for both years.

Table 6 – Distribution of Small Business Loans by Census Tract Income Level						
Census Tract Income Level	2012 % of Total Businesses	2012 Bank		2013 % of Total Businesses	2013 Bank	
		#	%		#	%
Low	7.9	0	0.0	8.0	1	1.3
Moderate	9.4	9	10.5	9.2	9	11.5
Middle	16.5	16	18.6	16.4	8	10.3
Upper	65.4	61	70.9	65.6	60	76.9
NA	0.8	0	0.0	0.8	0	0.0
Total	100.0	86	100.0	100.0	78	100.0

Source: 2012 and 2013 D&B Business Data; 2012 and 2013 Bank Small Business Loan Records

Table 6 shows that no small business loans were originated in low-income census tracts in 2012. In 2013, the Bank made one loan in a low-income tract. Management indicated the Bank's lack of branch presence in these geographies and its recent expansion into these areas were the reason for the low number of loans. The lack of a physical presence is especially challenging considering the high level of competition in these areas. The Bank's locations have been limited to Wellesley until late 2013. Furthermore, the new branch in Boston is not near a low- or moderate-income geography. These factors mitigate the Bank's performance.

The Bank's performance in moderate-income census tracts was above the distribution of businesses for both 2012 and 2013. Despite an overall decrease in loans, the Bank extended the same number of loans to businesses in moderate-income tracts in 2013. The inclusion of other secured loans with a small business purpose enhanced the Bank's performance in this criterion.

Overall, given the lack of branch locations within low- and moderate-income census tracts and the level of competition, the Bank's geographic dispersion of small business loans is adequate.

Borrower Characteristics

Overall, the distribution of borrowers reflects, given the demographics of the assessment area, a reasonable penetration among businesses of different sizes and individuals of different income levels (including LMI). This conclusion was primarily based on Wellesley Bank's distribution

of home mortgage loans to LMI individuals and loans to businesses with GARs of \$1 million or less. The following sections discuss the Bank's performance by loan type.

Home Mortgage Lending

The Bank's performance in loans to borrowers of different income levels is reasonable. Borrower incomes for loans reported in 2012 and 2013 were compared to the MFI of the appropriate MD. Table 7 shows the Bank's loans by borrower income level in 2012 and 2013. Table 7 also includes the distribution of families by income level using 2010 U.S. Census data, as well as aggregate market data for 2012.

Table 7 – Distribution of Home Mortgage Loans by Borrower Income Level						
Income Level	% of Total Families	2012 Aggregate Lending Data (% of #)	2012 Bank		2013 Bank	
			#	%	#	%
Low	22.8	2.0	3	1.3	1	0.5
Moderate	12.0	9.1	14	6.2	7	3.5
Middle	14.9	18.7	31	13.7	18	8.9
Upper	50.3	57.7	137	60.6	130	64.4
NA	0.0	12.5	41	18.2	46	22.7
Total	100.0	100.0	226	100.0	202	100.0

Source: 2010 U.S. Census Data; 2012 and 2013 HMDA Data

The majority of originations in 2012 and 2013 were made to upper-income borrowers, followed by originations to borrower in which income was not available. This category makes up loans to corporations, partnerships, or entities that are non-natural persons.

In 2012, the Bank made 1.3 percent of HMDA loans to borrowers designated as low- income. This figure was similar to, although slightly below, the aggregate level of 2.0 percent. While the percentage of low-income families is much higher, this is not an accurate representation of the opportunity to make home mortgage loans to these families. Many of these families do not have incomes that could qualify for a mortgage loan. In fact, 36.5 percent of low-income families have incomes below the poverty level. The Bank ranked 66th out of 139 lenders in making loans to low-income borrowers. In 2013, the Bank made one loan to a low- income borrower, dropping its proportion of lending to this class of borrowers to 0.5 percent.

The Bank originated 6.2 percent of loans to moderate-income borrowers in 2012. This figure is below the aggregate level of 9.0 percent and the percentage of moderate- income families, at 16.1 percent. The Bank ranked 52nd out of 247 lenders in making loans to moderate-income borrowers. In 2013 the Bank made 3.5 percent of loans to moderate-income borrowers. Again, this figure falls below the area demographics.

There are mitigating factors that provide insight for the Bank's performance being below the aggregate level and demographics. Low-income families represent 22.8 percent of families in the Bank's assessment area. This income category represents the second largest income group of families in the assessment area. Of these families, 7,354, or 49.0 percent, reside in low- and moderate-income areas. The low-income areas of the assessment area, which include parts of Cambridge and sections of Boston, contain 77.0 percent rental occupancy and the moderate-income areas contain 70.0 percent rental occupancy. Given that almost half of low-income families reside in areas with a higher percentage of rental occupancy creates limited homeownership opportunities

to low-income families in the assessment area. Furthermore, as mentioned previously, the Bank's branch presence is limited to upper-income geographies. This makes it difficult for the Bank to penetrate this market considering the high level of competition in the assessment area.

Bank management indicated that participating in special loan programs with flexible underwriting might make home mortgage loans more accessible to LMI borrowers in the future, which will enhance the Bank's performance. Management is currently contemplating offering these programs in the near future.

Small Business Lending

The distribution of the Bank's small business loan by GAR level is reasonable. Table 8 illustrates the Bank's small business loans in 2012 and 2013, and business composition in the assessment area by GAR for each year.

Table 8 – Distribution of Small Business Loans by Gross Annual Revenues (GAR)						
GAR \$(000)	2012 % of Total Businesses	2012 Bank		2013 % of Total Businesses	2013 Bank	
		#	%		#	%
≤ \$1,000	67.7	46	53.0	67.9	39	50.0
> \$1,000	6.5	40	47.0	6.1	39	50.0
Not Reported	25.8	0	0.0	26.0	0	0.0
Total	100.0	86	100.0	100.0	78	100.0

Source: 2012 and 2013 D&B Business Data; 2012 and 2013 Bank Small Business Loan Records

In 2012, the Bank originated 53.0 percent of small business loans and other secured loans for business purposes to businesses with GARs less than \$1 million. In 2013, the Bank evenly distributed 78 business loans between businesses with GARs less than \$1 million and greater than \$1 million. While less than business demographics, this performance is higher than banks that report small business loans.

Response to CRA Complaints

Wellesley Bank did not receive any CRA-related complaints during the evaluation period. The Bank maintains procedures to handle all incoming complaints, including those related to its CRA performance.

COMMUNITY DEVELOPMENT TEST

Wellesley Bank's community development performance demonstrates adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services as appropriate, considering the institution's capacity and the need and availability of such opportunities in the institution's assessment area.

Opportunities to extend community development loans, investments, and services were determined through an analysis of demographic information, which shows that 34.8 percent of assessment area families are categorized as low- or moderate-income according to 2010 U.S. Census data. Additionally, community contacts indicated the assessment area needs affordable housing, flexible lending products for potential LMI homeowners, and economic development to provide further employment opportunities for LMI individuals. A review of public evaluations of similarly situated institutions indicated there are both needs and opportunities related to community services for the LMI population.

Qualified Community Development Loans

For the purpose of this evaluation, a community development loan is defined as a loan that: (1) has community development as its primary purpose, (2) has not already been reported by the bank for consideration under small business or home mortgage lending (unless it is a multifamily dwelling loan), and (3) benefits the bank's assessment area or a broader statewide or regional area that includes the bank's assessment area.

The Bank originated five community development loans totaling approximately \$1.9 million since the previous examination, dated April 13, 2011. These numbers represent 0.5 percent of the Bank's net loans.

In 2012, the Bank provided a \$767,500 loan used to purchase real estate and open a business in Newton, Massachusetts. The borrower opened a new hair salon that provided at least five jobs to LMI individuals. As a 504 Small Business Administration (SBA) loan, the primary purpose of the loan was economic development through job creation or retention for LMI individuals.

In 2011, the Bank originated a \$255,000 loan to finance the acquisition of commercial property the borrower leased to run his business in Wellesley, Massachusetts. As a 504 SBA loan, the primary purpose of the loan was economic development through job creation or retention for LMI individuals.

The Bank made a \$3.2 million loan in 2012 to fund construction of 10 residential units and two commercial units in Needham, Massachusetts. As a condition of approving the project, the Town required one of the residential units be designated as an affordable rental unit. Based on CRA-related guidance, although the percentage of affordable units does not meet the definition of primary purpose, a *pro rata* share of the loan amount may be qualified. The portion of this loan that directly provided affordable housing for LMI individuals totaled \$266,667.

In 2011, the Bank originated a loan of approximately \$2.2 million to finance the construction of 11 residential units in Natick, Massachusetts. The Town required one of the units to be an affordable rental unit. The portion of the loan that directly provided affordable housing for LMI individuals totaled \$204,886.

The Bank originated a \$450,000 loan in 2012 secured by a 14-unit residential building. All units are leased under the U.S. Department of Housing and Urban Development's (HUD) Housing Assistance Program. These units provided affordable housing for over 20 years and the current lease runs through 2016. The residential units are located in the Roslindale section of Boston, which borders the assessment area, and benefit LMI individuals. Loan funds were used to maintain the property until it was purchased by a community development corporation.

Qualified Community Development Investments

A qualified investment for the purposes of this evaluation is a lawful investment, deposit, membership share, or grant that has community development as its primary purpose. The evaluation considered (1) investment and grant activity, (2) the responsiveness to credit and community development needs, and (3) community development initiatives. The following describes the institution's qualified investments during this evaluation.

Since the previous evaluation dated April 13, 2011, the amount of the Bank's total qualified investments, donations, and grants is \$3.3 million. This includes \$2 million in new equity investments and approximately \$1.3 million (book value) in existing investments. The Bank's qualified equity investments represent 9.0 percent of total investments. In addition, \$92,000 in qualified grants and donations were identified.

Equity Investments

U.S. Government Guaranteed Development Company Participation Certificates - These certificates are backed by loans made by Certified Development Companies (CDCs). A CDC is a non-profit corporation set up to contribute to the economic development of its community. CDCs work with SBA and private sector lenders to provide financing to small businesses through the CDC/504 Loan Program, which provides growing businesses with long-term, fixed-rate financing for major fixed assets, such as land and buildings. A 504 project typically includes a loan from a private sector lender with a senior lien covering up to 50 percent of the project cost; a loan secured by a CDC, backed by a 100 percent guaranteed CDC debenture, with a junior lien covering up to 40 percent of the project cost; and a contribution from the borrower of at least 10 percent equity.

Wellesley Bank receives credit for qualified equity investments totaling approximately \$3.3 million, all of which supported the SBA 504 loan program. The Bank purchased two participation certificates during the evaluation period of \$2.0 million. Additionally, the Bank continues to hold five certificates purchased prior to the evaluation period. The five existing investments have a book value as of December 31, 2013 of approximately \$1.3 million. The Bank's investments in these SBA certificates assist with funding the SBA 504 loan program, which promotes economic development by providing financing to small businesses through a public and private partnership.

These certificates are investments which finance economic development (SBA 504 loans) at a national level. However, discussions with bank management and research of SBA data indicate that these investments provide support for the broader state-wide area, including the assessment area. For example, these types of certificates provided funding for 311 economic development loans totaling \$491 million in Massachusetts in 2012. By dollar amount, SBA 504 loans originated in Massachusetts represented 7.3 percent of SBA 504 loans nationwide. Massachusetts is one of the higher ranked states in terms of SBA 504 originations, which provide economic development by financing small business expansion efforts. Massachusetts 504 loans

in 2012 were concentrated in the Greater Boston Area, which includes the Bank's assessment area.

Charitable Donations

Contributions were made to organizations that provide education, youth programs, affordable housing, and health and human services. From April 13, 2011 through December 31, 2013, Wellesley Bank donated \$92,000 in charitable donations to community organizations that qualified under CRA for community development. The majority of the donations from 2012 and 2013 were made through the Wellesley Bank Charitable Foundation. As part of the Bank's mutual-to-stock conversion, Wellesley Bancorp, Inc. made a one-time, pre-tax, contribution of \$1.8 million to fund the Foundation. The Foundation was formed to make grants and donations to various organizations and causes that benefit the Bank's community. Qualified donations represented 0.6 percent and 1.3 percent of the Bank's pre-tax net operating income for 2012 and 2013, respectively. Table 9 breaks down the Bank's qualified donations by year and purpose.

Table 9 – Community Development Grants and Donations

Activity Year	Qualifying Category										Totals	
	Affordable Housing		Community Services*		Economic Development		Revitalization or Stabilization**		Neighborhood Stabilization Projects			
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
2011	1	100	10	5,800	0	0	0	0	0	0	11	5,900
2012	1	250	23	25,350	0	0	0	0	0	0	24	25,600
2013	5	13,750	27	46,750	0	0	0	0	0	0	32	60,500
Total	7	14,100	60	77,900	0	0	0	0	0	0	67	92,000

Source: Bank Records

*Targeted to Low- or Moderate-Income Individuals

** In Low- or Moderate-Income, Disaster, Distressed, or Underserved Geographies

Examples of the qualified organizations that received donations include:

Family Promise Metrowest – This organization is a private, non-profit organization whose mission is to provide shelter, support, and sustenance to families who are homeless. Families in the program receive transitional housing through a network of volunteers and church congregations. Donations fund the availability of housing space and conversion of church classrooms into temporary bedrooms. Additionally, case managers work with clients to help them obtain a permanent housing solution.

New England Center for Homeless Veterans (NECHV) – NECHV is a multi-dimension service and care provider dedicated to assisting veterans who are facing, or are at-risk, of homelessness. NECHV offers a broad array of programs and services that enable success, reintegration, meaningful employment and independent living. These programs include a three-stage transitional housing program that leads homeless veterans from crisis situations to self-sufficiency and independence.

Springwell – Springwell's Money Management Program is a financial services program that assists older and disabled individuals who have difficulty managing their personal household budgets, paying bills, keeping track of banking records, intervening with creditors and handling other issues related to personal finances. The program targets low-income individuals within the Bank's assessment area.

The Women's Lunch Place – The mission of the organization is to provide a safe, comfortable daytime shelter, nutritious food, and support services for women who are homeless or low-income. The organization aims to treat women with dignity and respect and foster a community committed to meeting each woman's unique needs.

Women of Means – The organization's mission is to improve the lives of women who are homeless or marginally housed through quality healthcare, education, and advocacy. Programs include: free medical assistance and wellness education.

Qualified Community Development Services

A community development service has community development as its primary purpose and is generally related to the provision of financial services. Wellesley Bank responded to several of the area's community development needs, through providing qualified services. The Bank is currently involved in local services and non-profit entities, which qualify as community development organizations, lending their financial expertise to these organizations.

Bank Employee and Director Involvement

During the evaluation period, officers and employees of the Bank were involved in organizations in various capacities that represented a community development purpose. Bank personnel provided these organizations with financial expertise in a variety of roles.

The following is a list of the Bank's participation with various organizations that benefited the assessment area.

Senior Living, Inc.

This is a non-profit organization with a mission of providing affordable housing to the elderly in Wellesley. Senior Living provides access to 24 living units to senior citizens at below market rates. Additionally, it also provides access to 4 living units at below market rates to municipal employees who are LMI individuals. The President and Chief Executive Officer of the Bank serves as Trustee. A Director is President of the organization.

Springwell Money Management Program

Springwell's Money Management Program assists LMI older adults with managing their finances. Developed in conjunction with the AARP Foundation, this financial services program assists individuals who have difficulty managing their personal household budgets, paying bills, intervening with creditors, and other personal finance matters. A Bank Vice President serves on the Advisory Committee for this program.

Newton Community Service Center (NCSC)

NCSC's mission is to strengthen families in Newton and its surrounding communities by providing programs that support healthy child development, work, and family balance, and promote effective parenting. These programs are specifically designed to assist children and families that are affected by domestic violence, mental illness, substance abuse, poverty, and

homelessness. The majority of the individuals served are LMI. The Early Childhood Education program is the organization's primary way of addressing community needs. The program primarily benefits LMI households. A Vice President is a member of the Development Committee for NCSC.

Other Services

The Bank also provided the following retail services that have community development purposes.

Massachusetts Community Banking Council's (MCBC) Basic Banking Program

Wellesley Bank voluntarily participates in the MCBC Basic Banking program. In order to qualify, the Bank offers a no-cost checking account that primarily benefits low- and moderate-income individuals. All of the Bank's savings accounts meet MCBC guidelines.

Interest on Lawyers Trust Accounts ("IOLTAs")

Under an agreement with the Massachusetts Bar Association, interest paid on these accounts is used to provide legal assistance to low- and moderate-income individuals. Programs funded through IOLTAs in Massachusetts provide legal assistance to over 100,000 individuals across the State. IOLTA continues to be the primary source for consumer, family, education, disability, and elder law services for low-income clients. Since the prior evaluation, Wellesley Bank remitted over \$57,000 dollars to the Massachusetts IOLTA Committee. The Bank currently services 26 IOLTA accounts.

APPENDIX A

Massachusetts Division of Banks Fair Lending Policies and Procedures Review

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106.

Included in the Bank's loan policy are the Bank's efforts to eliminate discrimination. The Bank provides fair lending training to all lending personnel as well as the Board at least annually. Management develops training programs that cover all aspects of the lending process.

Based upon the review of the Bank's public comment file and its performance relative to fair lending policies and practices, no violations of the anti-discrimination laws and regulations were identified.

MINORITY APPLICATION FLOW

According to the 2010 U.S. Census Data, in 2012 the Bank's assessment area contained a total population of 657,327 individuals of which 29.1 percent are minorities. The assessment areas racial and ethnic minority population is 12.4 percent Asian, 7.8 percent Hispanic or Latino, 5.8 percent Black/African American, 0.1 percent American Indian, and 2.8 percent other race.

For 2012 and 2013, the Bank received 468 HMDA-reportable loan applications from within its assessment area. Of these applications, 50 or 18.7 percent were received from ethnic minority applicants, of which 43 or 86.0 percent resulted in originations. Of the remaining 7 applications not originated, two were approved but not accepted, 1 was denied and 4 were withdrawn applications. For the same period, the Bank also received 7 applications from ethnic groups of Hispanic origin within its assessment area, all of which were originated.

The Bank's level of lending was compared with the aggregate's lending performance level for 2012, the most recent year for which data was available. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Bank received from minority residential loan applicants.

The Bank's performance was comparable to the 2012 aggregate performance level for minority applicants. In 2012, the Bank received 9.5 percent of its applications from ethnic minorities while the aggregate was slightly higher at 10.6 percent. In 2012, the Bank's racial minority application flow was at 0.4 percent while the aggregate was at 1.8 percent.

In terms of application outcome, in 2012, the Bank originated 20 or 86.9 percent of applications from ethnic minorities, outperforming the aggregate which originated 65.2 percent of applications received from ethnic minorities.

In 2013, applications from both racial and ethnic minority groups increased. Overall, The Bank's minority application flow, when compared to the aggregate's lending performance levels and the assessment area demographics, is reasonable.

APPENDIX B

General Definitions

GEOGRAPHY TERMS

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Primary Metropolitan Statistical Area (PMSA): A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

Consolidated Metropolitan Statistical Area (CMSA): The larger area of which PMSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

HOUSING TERMS

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into “male householder” (a family with a male

householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

INCOME TERMS

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Family Income: Includes the income of all members of a family that are age 15 and older.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of geography.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of geography.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of geography.

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

Small Business Loan: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks and the Federal Deposit Insurance Corporation, at 40 Central Street, Wellesley, Massachusetts 02482."

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.